

**IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

IN RE:

**CIRCUIT CITY, et al
(Debtor)**

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**CASE NO. 08-35653-KRH
(Jointly Administered)**

CHAPTER 11

**PASADENA INDEPENDENT SCHOOL DISTRICT'S RESPONSE TO
LIQUIDATING TRUST'S EIGHTEENTH OMNIBUS OBJECTION OF CLAIMS
FILED BY TAXING AUTHORITIES ((DOCKET NO. 10062))**

NOW COMES, Pasadena Independent School District (the "Taxing Authorities"), Claimant, in the above-numbered and styled bankruptcy case and files Pasadena Independent School District's Response to Notice of Liquidating Trust's Eighteenth Omnibus Objection of Claims Filed by Taxing Authorities (Reduction of Certain Partially Invalid Claims; Disallowance of Certain Invalid Claims, Reclassification of Certain Claims; Disallowance of Certain Amended or Superseded Claims; Disallowance of Certain Late Filed Claims; Disallowance or Reduction of Certain Invalid Claims and Fixing the Amounts of Certain Claims (Docket No. 10062).

I. PROCEDURAL HISTORY

1. On November 10, 2008, the Debtor filed for relief pursuant to the Chapter 11 of Title 11 of the United States Bankruptcy Code.

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Counsel for Respondent

2. On December 5, 2008, the Pasadena Independent School District filed an Original Proof of Claim designated as Claim No. 181 in the amount of \$ 52,262.36 for the 2008 assessed taxes of Circuit City Stores within the Pasadena ISD taxing jurisdiction.

3. Per the records of Harris County Appraisal District, Circuit City Stores, Inc., d/b/a Circuit City Store #4150 and Circuit City Store #00538, complied with rendition requirements for valuation of certain properties to the Harris County Appraisal District for the 2009 tax year. Debtor is responsible for timely correct renditions per the requirement of the Appraisal District and filing timely legal remedies for protest of valuation.

4. Taxing Authorities' claims are for real and/or personal property taxes incurred by the Debtor. These taxes are secured by first priority liens pursuant to Texas Property Tax Code §§ 32.01 and 32.05 Section 32.01 states, in part:

i. On January 1 of each year, a tax lien attaches to property to secure payment of all taxes, penalties, and interest ultimately imposed for the year on the property, whether or not the taxes are imposed in the year the lien attaches. The lien exists in favor of each taxing unit having power to tax the property.

ii A tax lien on inventory, furniture, equipment and other personal property is a lien in solido and attaches to all inventory, furniture, equipment, and other personal property that property owner owns on January 1 of the year the lien attaches or that the property owner subsequently acquires.

(a) The lien under this section is perfected on attachment and "...perfection requires no further action by the taxing unit."

5. Assessment of taxes and attachment of statutory liens for property taxes accruing after a bankruptcy filing are excepted from the automatic stay. § 362(b)(18). *Parr Meadows Racing Ass'n. Inc.*, 880 F.2d 1540 (2d Cir. 1989), *cert. denied*. 107 L.Ed.2d 953 (1990).

6. Pasadena Independent School District, seeking to protect its interest in a declining economy, filed an Amended Proof of Claim No.15061 dated August 3, 2010 in the amount of \$ 113,041.86 to include the 2009 post-petition year as Debtor had submitted a rendition for the 2009 tax year for taxing purposes, and had not taken any legal remedies to protest, correct, delete or otherwise dispute the assessed 2009 tax year.

7. Pasadena Independent School District asserts that they did not file a duplicate Claim but filed an Amended Claim for the assessed 2008 and 2009 tax years under Amended Claim No. 15061 dated August 3, 2010 to replace Original Proof Claim No. 181 dated December 5, 2008 as these were legitimate claims for payment of taxes owed to the Pasadena Independent School District which remain unpaid. Pasadena Independent School District respectfully requests that their Amended Proof of Claim No. 15061 be allowed if it remains unpaid by the date of the hearing on April 14, 2011.

TO THAT EXTENT, PASADENA INDEPENDENT SCHOOL DISTRICT
respectfully requests that any allegations raised in the Objection which remain
unanswered, same are here by **DENIED**.

WHEREFORE, PREMISES CONSIDERED, Pasadena Independent School
District respectfully prays that this Court deny the relief sought by the Debtor, and for
such other and further relief, at law or in equity, as is just.

DATE: April 7, 2011.

Respectfully submitted,

\s\ Douglas Scott

Douglas Scott, VSB No. 28211

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CERTIFICATE OF SERVICE

I do hereby certify that on this day a true and correct copy of the foregoing has
been transmitted electronically via the Court's ECF system to the parties listed below:

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\s\ Douglas Scott